

forward. This sole reason perhaps more so than any other, deserves our respect and congratulations.

HONORING TAIWAN FOR ITS COMMITMENT TO THE REFUGEES OF KOSOVO

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. KING. Mr. Speaker, I rise today to recognize Taiwan's continuing commitment to peace and stability in the Balkan region. Classified by China as a renegade province with no right to diplomatic recognition, Taiwan is excluded from the United Nations and deprived of relations with many nations. Despite this diplomatic embargo, Taiwan unveiled this past Monday, June 7, a \$300 million aid package to assist the more than 782,000 ethnic Albanians who have been forced to leave as a result of Slobodan Milosevic's genocidal campaign.

This aid package will include emergency supplies for Kosovar refugees and contributions to long-term reconstruction efforts by the international community in Kosovo once a peace plan is accepted and implemented. In addition, it also offers to arrange for Kosovar refugees to receive short-term technical training in Taiwan.

I urge my colleagues to recognize Taiwan's sincerity and commitment to join the international drive to help the Kosovar refugees.

DR. HAROLD P. FURTH: A SCIENTIFIC LEADER AND A GREAT AMERICAN

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. HOLT. Mr. Speaker, I rise today to pay tribute to Harold P. Furth who has been appointed an Emeritus Professor of Princeton University, effective July 1st.

Dr. Furth, who served for 10 years as the director of the Princeton Plasma Physics Laboratory, has been a world leader in our nation's effort to recreate on earth the fusion process that powers the stars. As Dr. Furth has long understood, fusion can provide an abundant, safe, and environmentally attractive energy source to meet America's long term needs.

Dr. Furth conceived of the Tokamak Fusion Test Reactor (TFTR), the world's most successful fusion experiment, and oversaw its design and scientific program. TFTR achieved all of its research objectives, including the production of world-record amounts of fusion power in 1994. Discoveries made on TFTR increased substantially the basic understanding of fusion. These results are providing the insights necessary for the success of advanced fusion experiments now underway.

Beyond his renowned scientific prowess, I have for years admired his adept leadership in

the science community. During the last year in which Dr. Furth was the Director of the Princeton Plasma Physics Laboratory, I was privileged to serve as the Assistant Director. As a scientific director, he established the right symbiotic relationship between theory and experiment. Dr. Furth's knowledge of all aspects of the field of fusion science and plasma physics and his erudite manner have made him a truly outstanding leader of the fusion community.

As a Congressman now, I deeply appreciate his ability to lead both in the details of a major scientific program and his ability to provide direction for the field as a whole. His shrewd judgment allows him to be an effective steward of our nation's resources. He continues to show extraordinary ability to gauge all aspects of the fusion program, scientific, political, and economic, and to see the proper direction of the program.

We will continue to rely on the outstanding contributions of Americans such as Harold Furth as the foundation for our national security and economic well-being in the 21st century.

INTRODUCTION OF LEGISLATION

HON. JIM McCRERY

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. McCRERY. Mr. Speaker, I rise today to announce the introduction of the United States-Flag Merchant Marine Revitalization Act of 1999. This bipartisan legislative initiative, which I am introducing along with Congressman Herger of California, Congressman Jefferson of Louisiana, and Congressman Abercrombie of Hawaii, is critically important to the modernization and growth of the United States maritime industry, our nation's fourth arm of defense.

History has repeatedly proven—and Congress has repeatedly affirmed—that the United States needs a strong, active, competitive and militarily-useful United States-flag commercial maritime industry to protect and strengthen our nation's economic and military security. In times of war or other emergency, as vividly demonstrated during the Persian Gulf War, United States-flag commercial vessels and their United States citizen crews respond quickly, effectively and efficiently to our nation's call, providing the sealift sustainment capability necessary to support America's armed forces overseas.

In 1992, General Colin Powell, then-Chairman of the Joint Chiefs of Staff, told the graduating class of the United States Merchant Marine Academy at Kings Point that:

Since I became Chairman of the Joint Chiefs of Staff, I have come to appreciate firsthand why our merchant marine has long been called the nation's fourth arm of defense . . . The war in the Persian Gulf is over but the merchant marine's contribution to our nation continues. In war, merchant seamen have long served with valor and distinction by carrying critical supplies and equipment to our troops in far away lands. In peacetime, the merchant marine has another vital role-contributing to our economic secu-

rity by linking us to our trading partners around the world and providing the foundation for our ocean commerce.

I am convinced that the best way to ensure that our nation continues to have the militarily-useful commercial vessels and trained and loyal United States citizen crews we need to support our interests around the world is to enact those programs and policies that will better enable our maritime industry to flourish in peacetime. I am equally convinced that one important way to do so is to provide a tax environment for our maritime industry which more closely reflects the favorable tax treatment other maritime nations provide to their own merchant fleets. The legislation my colleagues and I are introducing today will in fact strengthen the competitiveness of United States-flag vessel operations by providing a greater opportunity for American vessel owners to accumulate the private capital necessary to build modern, efficient and economical commercial vessels in American shipyards.

This bill amends the existing merchant marine Capital Construction Fund (CCF) program contained in section 607 of the Merchant Marine Act, 1970 and section 7518 of the Internal Revenue Code of 1986. The existing program allows an American citizen to deposit the earnings from various United States built, United States-flag vessel operations into a tax-deferred Capital Construction Fund to be used exclusively in conjunction with an approved United States shipbuilding program. The deferred tax is recouped by the Treasury through reduced depreciation because the tax basis of vessels built with CCF monies is reduced on a dollar-for-dollar basis.

In order to better reflect the significant tax-related disadvantages American vessel owners face as compared to their foreign competition, and to continue to ensure our nation has the most militarily useful and economically viable domestic maritime industry, this legislation would amend the existing CCF program to expand the type of earnings eligible to be deposited into a CCF and the purposes for which a qualified withdrawal can be made. Significantly, these amendments do not in any fashion alter or weaken the existing requirement that vessels built with CCF monies must be built in the United States and operate under the laws of the United States with United States citizens crews.

Specially, this legislation amends the CCF program to:

Allow earnings from United States-flag foreign built vessels to be deposited into a CCF in order to increase the amount of capital available to build vessels in an American shipyard;

Allow CCF monies to be withdrawn to build, in an American shipyard, a vessel for operation under the United States-flag in the oceangoing domestic trades in order to further enhance the modernization and growth of this important segment of the maritime industry;

Allow CCF monies to be withdrawn to acquire United States-built containers or trailers for use on a United States-flag vessel in order to better ensure that cargo moves on American vessels in a safe and efficient fashion;

Allow CCF monies to be withdrawn in conjunction with the lease of a United States-built vessel, trailer or container in order to better reflect the realities of current ship financing arrangements;

Allow a vessel owner to deposit into a CCF the duty arising from foreign ship repairs to ensure that the duty is used to the benefit of United States shipyards; and

Remove the CCF as an alternative minimum tax adjustment item so that the full intended benefits of the program—the accumulation of private capital for the construction of commercial vessels in United States shipyards—are realized.

The United States-Flag Merchant Marine Revitalization Act of 1999 is critically important to the modernization and growth of the United States-flag merchant marine and should be supported and enacted. It will generate significant commercial vessel construction in United States shipyards and help American flag vessel operators compete more equally with their foreign flag vessel counterparts.

HONORING CHRISTINA WRIGHT,
LEGRAND SMITH SCHOLARSHIP
WINNER OF MARSHALL, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. SMITH of Michigan. Mr. Speaker, let it be known, that it is with great respect for the outstanding record of excellence she has compiled in academics, leadership and community service, that I am proud to salute Christina Wright, winner of the 1999 LeGrand Smith Scholarship. This award is made to young adults who have demonstrated that they are truly committed to playing important roles in our Nation's future.

As a winner of the LeGrand Smith Scholarship, Christina is being honored for demonstrating that same generosity of spirit, intelligence, responsible citizenship, and capacity for human service that distinguished the late LeGrand Smith of Somerset, Michigan.

Christina Wright is an exceptional student at Marshall High School and possesses an impressive high school record. Christina has received numerous awards for her involvement in Debate and the Performing Arts. Outside of school, she has served the community through many church activities and the United Way.

Therefore, I am proud to join with her many admirers in extending my highest praise and congratulations to Christina Wright for her selection as a winner of a LeGrand Smith Scholarship. This honor is also a testament to the parents, teachers, and others whose personal interest, strong support and active participation contributed to her success. To this remarkable young woman, I extend my most heartfelt good wishes for all her future endeavors.

CONSUMER TELEMARKETING FI-
NANCIAL PRIVACY PROTECTION
ACT OF 1999

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 10, 1999

Mr. LaFALCE. Mr. Speaker, I am today introducing legislation to restrict the sharing of

credit card account numbers and other confidential information for purposes of telemarketing to consumers. My legislation responds to widespread negative-option telemarketing schemes that were brought dramatically to the public's attention this week in a speech by the Comptroller of the Currency and in a major lawsuit announced yesterday by the Minnesota Attorney General. I am pleased to join in sponsoring this legislation with my colleague from Minnesota, BRUCE VENTO, the Ranking Member of the Financial Services Subcommittee, and my Banking Committee colleagues BARNEY FRANK, PAUL KANJORSKI, KEN BENTSEN and JAY INSLEE.

While negative option telemarketing schemes appear to have been in operation for several years, their significance and breadth only recently came to light in news stories and state Attorneys General investigations. They remained hidden largely because most consumers don't realize they have been victimized and, for those who do, many assume the problem is a random mistake. Most consumers find it hard to believe that their bank or credit card company would systematically sell their private account numbers to questionable marketing operations. This is not the way banking has traditionally been conducted.

Consumers should have confidence that their credit card and bank account numbers will not be sold to the highest bidder. They should not feel they have to scrutinize their credit card statements for unauthorized charges. And they should not have to fear that every sign of interest or request for information in a telemarketing call will lead to automatic charges on their credit cards. This is unfair to consumers and potentially damaging to our banking system.

These telemarketing schemes operate in the following manner. A bank will enter into an agreement with an unaffiliated firm that provides telemarketing services to companies offering a variety of discount, subscription, service or product sampling memberships. The bank provides extensive confidential personal and financial information about its customers in return for a fee and commissions on sales made by the telemarketing firm. The information goes far beyond the names and addresses of customers, including specific account numbers, account balances, credit card purchases and credit scoring information. This information enables the marketer to profile the bank's customers and offer "trial memberships" that are targeted to each customer's interests, income and buying habits.

What makes the whole thing work is the fact that the telemarketer already has access to the consumer's credit card account. If the consumer indicates any interest in a "trial" membership, or even in receiving additional materials, their credit card account is automatically charged for the membership without the customer ever disclosing their account number or even knowing that they have authorized the charge. In many instances, the customer never notices the charge, or only sees it when it automatically converts into a continuing series of monthly membership or product charges. The consumer then has to take actions to stop the charges (hence the term "negative option") and attempts to have the charges refunded to their account.

According to state officials, consumers typically have considerable difficulty obtaining refunds for these charges, or even getting their bank to remove continuing charges from their account. Many have had to contact their State Attorney General before the bank or telemarketer would refund the charges.

While the Comptroller of the Currency this week identified this practice as an example of banking practices "that are seamy, if not downright unfair and deceptive", they do not appear to violate any federal law or regulation. The Fair Credit Reporting Act (FCRA) currently exempts from regulation any information that a bank derives from its routine transactions and experience with customers. This permits a bank to provide credit related information to credit bureaus without itself being regulated as a credit bureau. Until recently, banks did not routinely share confidential customers information out of concern for maintaining customer confidence. Clearly, this has changed. The other applicable federal statute, the federal Telemarketing Act and the FTC's Telemarketing Rule, also provide only limited protection since telemarketers are required only to show some taped expression of interest or consent before charging a consumer for a membership or service. However, few consumers understand that agreeing to a "trial" offer will lead to automatic and repeated charges to their credit card account.

Banking regulators also have been limited in their ability to respond to this problem as a result of amendments made to the Fair Credit Reporting Act in 1996 that restrict regulatory agencies from conducting bank examinations for FCRA compliance except in response to specific complaints. Even then, the statute limits the regulator's ability to monitor compliance only to regularly scheduled bank examinations. Authority to interpret FCRA to address such practices also is limited to the Federal Reserve Board, which often does not have direct regulatory contact with most of the institutions involved.

The absence of federal regulation has permitted bank involvement in negative option telemarketing to become far more widespread than first assumed. The action brought yesterday by the Minnesota Attorney General cited several bank subsidiaries of US Bancorp. Newspaper articles have described identical operations involving other national telemarketing firms and a number of major national banks and retailers. Documents filed with the SEC last year by the telemarketing company cited in the Minnesota action claimed that the company had "over 50 credit card issuers" as clients, "including 17 of the top 25 issuers of bank credit cards, three of the top five issuers of oil company credit cards and three of the top five issuers of retail company credit cards."

Comptroller Hawke was entirely correct in citing this as a widespread problem that raises potential safety and soundness concerns for the banking system and also as an example of "practices that cry out for government scrutiny."

The bill I am introducing today would address this problem from several perspectives. First, it amends the Fair Credit Reporting Act to limit the current exemption for sharing of